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Bramalea Consolidated Developments Limited

Executive Offices: 20 King Street West, Toronto, Ontario

General Offices: 70 Bramalea Road, Bramalea, Ontario

Associate and Subsidiary Companies

Bramalea Construction (Peel) Limited

Bramalea Shopping Centres Limited

Bramalea Farms Limited

Bramalea Hotels Limited

*Braemar Apartments (St. Catharines) Limited

Camp Muskoka Lodge Limited

**Renforth Developments Limited

**Bramalea Guardian Limited

**Bramalea Realty Limited

***Sarnia St. Clair Construction Company

***Southport Developments

*Equity sold subsequent to 30 November 1966

**Less than 50% equity

***Unincorporated partnerships

Officers

Hon. J. Keiller Mackay, D.S.O., V.D., Q.C., LL.D., D.C.L., Chairman of the Board

Alan F. B. Taylor, President

Arthur S. Armstrong, Executive Vice-President

John W. Bennett, F.C.A., Vice-President, Finance

George W. Finley, Vice-President, Industrial Sales

Stanley A. Podkowa, B.A., Secretary

Raymond M. Coole, C.A., Treasurer

Directors

*Arthur S. Armstrong

*Ross Dunn, Q.C.

R. J. Ellery, M. INST. T.

*Hon. J. Keiller Mackay, D.S.O., V.D., Q.C., LL.D., D.C.L.

*Emerson M. Miller

Sir Brian Mountain, B.T.

Harry I. Price

*Alan F. B. Taylor

J. A. Thomson

*Executive Committee

Bramalea, Canada's First Suburban City, Fall, 1966, viewed from the southwest, The Glidden Company Limited site is out of the picture to the west.



Bramalea, Canada's First Suburban City, Fall, 1966, viewed from the south-east, The Chrysler Airtemp Canada Ltd. site is out of the picture to the east.



The President's Report to the Shareholders



I am pleased to report that the Company has earned a profit of \$795,993.00, equivalent to 89¢ per share in the year ended 30th November 1966, which represents an increase of 30% over the profit earned in 1965.

I think it may be interesting to record here that the Company's profits from 1963 through 1966 have been the equivalent of .01, .49, .68 and 89¢ per share.

It should also be noted that the value of the Company's unused acreage in Bramalea has further increased from the appraisal figures quoted in my report to the shareholders in February 1966.

1966 has been a most difficult year in the Land Development Industry, due almost entirely to the difficulty in obtaining mortgage funds and the shortage of money generally. In spite of this, we have been able to build and sell more houses in the fiscal period ended 30th November 1966, than in any period in the Company's history.

During the year, 112 acres of land were consumed in the sale of land and houses, and 72 acres were sold to industry. The Company has 4,860 acres available for future development, the major part of which is being farmed by its wholly owned subsidiary, Bramalea Farms Limited.

As the largest single-site house builder in Canada, your Company's wholly-owned subsidiary, Bramalea Construction (Peel) Limited, has, by the utilization of production line techniques, made possible through its continuing high volume in one location, been able to produce housing to sell at a price substantially less than that available in comparable areas.

In 1966 the expansion of the Niagara Peninsula Shopping Centre to a total of 630,000 square feet of merchandising space, making it one of the largest Shopping Centres in Canada, was successfully completed and the Simpsons-Sears store, together with the 34 new stores built in that expansion programme, opened for business on

May 4th, 1966. Since that time the level of retail business in the Centre has been beyond both our expectations and those of our tenants.

The Company, in the year under review, has disposed of a number of revenue producing properties which had been brought into its portfolio in recent years. This programme has now been concluded and, as is evidenced in the accompanying operating statement, these transactions have been closed profitably.

The Swansea development, to which I made reference in my February, 1966 report, has not proceeded according to schedule because of the lack of mortgage funds. However, the area is being serviced in accordance with the Company's contractual arrangements with the Municipality. Construction of this project will proceed as and when mortgage money becomes available, there being no doubt that the zoning and strategic location of this property will produce a substantial profit.

It became apparent during the year that the accelerated development of Bramalea, and its major revenue producing properties, required more operating capital than had been envisaged when the Company first marketed its securities in the summer of 1961. It was decided therefore, to request the holders of the Company's Debentures to approve and consent to a change in the Trust Indenture, relative to those Debentures, which will have the effect of enabling the Company to give prior security to a Bank or Banks, and, at the same time, to defer the Mandatory Sinking Fund and cancel the Contingent Sinking Fund provisions of the Trust Indenture. Steps are now being taken to obtain such consent. The Trust Indenture provides that the holders of not less than 66 $\frac{2}{3}$ % in aggregate principle amount of the outstanding Debentures may in writing approve and consent to changes in the terms of the Trust Indenture.

As mentioned above, the major underlying security of the Debentures; i.e. the Bramalea lands, have continued to appreciate in value beyond the figure shown by appraisal and mentioned in my February, 1966 report.

There has been a great deal of comment in the press and elsewhere recently with regard to the housing crisis facing Canada as a direct result of the lack of mortgage funds, inflationary pressures in the industry, the 11% sales tax on building materials, the multiplicity of building codes inhibiting design and material innovation, and the rapidly escalating cost of serviced land. This situation has been brought about by the apparent inability of the present Municipal, Provincial and Federal governmental structure to efficiently plan and control development, and its attendant costs. Your Company has participated in the Urban Development Institute's activities in promoting a concentrated study at all levels of Government, aimed at providing a solution to the problem of providing housing for the average Canadian at a price he can afford.

In the meantime, your Company is doing everything possible in its own area, to keep these costs under control and to energetically research new housing techniques, and is convinced that this effort, and its ability to obtain a reasonable amount of mortgage financing, will produce a satisfactory volume of residential construction in the coming year. A substantial number of mortgages have already been obtained for the Winter Works programme of 1966/67, which is well under way.

It is with regret that I have to record the death in 1966 of Mr. Harold C. Drayton who had served as a Director of the Company since October 23rd, 1958. Mr. Drayton's valued advice and support will be greatly missed.

Also, during the past year, I have to record with regret that Mr. Fraser L. Martens found it

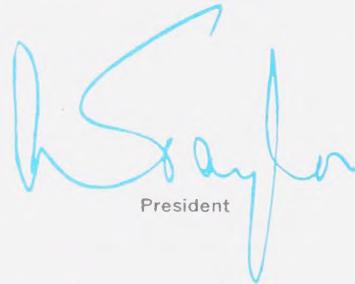
necessary to resign from the Board due to the pressure of other business.

We welcome to our Board, two new members: Mr. R. J. Ellery, M.INST.T. and Mr. J. A. Thomson, both of London, England.

In conclusion, I wish to thank all the Directors, Officers and employees for their contribution to the success of the Company in a difficult year's trading. The future continues to be promising, and I fully expect the 1967 operations of your Company to show further progress.

February, 1967

President



Board of Directors



Arthur S. Armstrong *Pine Grove, Ontario, Canada*

Mr. Armstrong is also a Director of the following:
Braemar Apartments (St. Catharines) Limited
Renforth Developments Limited
Urban Development Institute (Ontario Division)

Ross Dunn, Q.C. *Toronto, Ontario, Canada*

Mr. Dunn is also a Director of the following Companies:
Butterworth & Co. (Canada) Ltd. (President)
Canadian Motorways Limited

Richard J. Ellery M. INST. T. *London, England*

Mr. Ellery is also a Director of the following Companies:
Advance Contract Laundries Ltd.
Advance Laundries Ltd.
Advance Linen Services Ltd.
Advance Tip Top Services (Cleaners & Launderers) Ltd.
Adverest Furniture Ltd.
Altringham Coachways Ltd.
Archie Light (Fairwater) Ltd.
B.E.T. Federation, Ltd. (Member of Council)
B.E.T. Omnibus Services Ltd.
Camborne Water Company Ltd.
Canadian Motorways Ltd.
Capital Storage Holdings Ltd.
Devon General Omnibus & Touring Co. Ltd.
East Midland Motor Services Ltd.
Eddison Plant Ltd.
Edwards Tours Ltd.
Electrical Press Ltd.
Fairwater Construction Co. Ltd.
Initial Services Ltd.
Jamaica Omnibus Services Ltd.
Laundry Services Ltd.
London Coastal Coaches Ltd.
Magnet Bowling Ltd.
Maidstone & District Motor Services Ltd.
Melba Motors Ltd.
Metropolitan Dyers & Cleaners Ltd.
Newquay & District Water Company
North Western Road Car Co. Ltd.
Omnibus Stations Ltd.
Public Transport Association Inc. (Member of Council)
H. Richards & Co. Ltd.
Richmond Park Laundry Co. Ltd.
Samuelson New Transport Co. Ltd.
Stratton House Ltd.
Trent Motor Traction Co. Ltd.
Truro Water Company Ltd.
Walkers Dyers & Cleaners Ltd.

J. Keiller Mackay, D.S.O., V.D., Q.C., LL.D., *D.C.L.*

Toronto, Ontario, Canada

The Hon. J. Keiller Mackay is also:
Chancellor, University of Windsor
Chairman, Province of Ontario
Council for the Arts
Governor, University of Toronto
Director, Eastern & Chartered Trust Company

Emerson M. Miller *Toronto, Ontario, Canada*

Mr. Miller is also:
Chairman, Toronto & York Roads Commission

Harry I. Price *Toronto, Ontario, Canada*

Mr. Price is also a Director of the following Companies:
Bridge & Tank Co.
Burns Foods Limited
Canadian National Exhibition (Life Director)
Cygus Corporation
Home Oil Co. Limited
Queen Elizabeth Hospital (Vice-President)

Sir Brian Mountain, BT. *London, England*

Sir Brian Mountain is also a Director of the following Companies:

Air Holdings Ltd.
Ashdale Land & Property Co. Ltd. (Chairman)
Bernard Sunley Building Ltd. (President)
Bernard Sunley Investment Trust Ltd. (Chairman)
British African Properties Ltd. (Chairman)
British Caribbean Insurance Co. Ltd. (Chairman)
British Crown Assurance Corporation Ltd. (Chairman)
British Northwestern Insurance Co. (Chairman)
Covent Garden Properties Co. Ltd. (Chairman)
Covent North American Properties Ltd. (Chairman)
Eagle Star Insurance Co. Ltd. (Chairman)
Economic Insurance Co. Ltd.
Kingsdown Stud Ltd.
L'Indépendance Compagnie D'Assurance Contre
Tous Risques
Midland Assurance Ltd.
Philip Hill Investment Trust Ltd. (Chairman)
Place Ville Marie Corporation
Racehorse Owners Association Ltd.
(Member of Council)
Sceptre Trust Ltd. (President)
Second Covent Garden Property Co. Ltd. (Chairman)
Security National Insurance Co. (Chairman)
South African Eagle Group:
South African Eagle Insurance Co. Ltd. (Chairman)
African Guarantee & Indemnity Co. Ltd. (Chairman)
Eagle Star Properties (Rosebank) (Pty) Ltd. (Chairman)
Eagle Star Insurance Co. of South Africa Ltd. (Chairman)

Piccadilly Mansions (Proprietary) Ltd. (Chairman)
South African Fire & Accident Insurance Co. Ltd.
(Chairman)
The Bank of Nova Scotia
The Bank of Nova Scotia Trust Co. (Bahamas) Ltd.
(Deputy Chairman)
The Bank of Nova Scotia Trust Co. (Cayman) Ltd.
(Deputy Chairman)
The Bank of Nova Scotia Trust Co. of Jamaica Ltd.
(Deputy Chairman)
The Bank of Nova Scotia Trust Co. of the West Indies
Ltd. (Deputy Chairman)
The Bank of Nova Scotia Trust Company (United
Kingdom) Ltd.
The Barbados Fire Insurance Co. (Chairman)
The Theatres Mutual Insurance Co. Ltd. (Chairman)
The Threadneedle Insurance Co. Ltd.
(Chairman & Managing Director)
Threadneedle Properties (S.A.) Ltd.
Trent Insurance Co. Ltd. (Chairman)
Triton Centres Ltd.
Triton Shopping Centres Ltd.
Trizec Corporation Ltd.
United Dominions Trust Ltd.
United Racecourses Ltd. (Chairman)
Western Star Insurance Co. Ltd.
Zambian Eagle Insurance Co. Ltd. (Chairman)

Alan F. B. Taylor
Toronto, Ontario, Canada

Mr. Taylor is also a Director of the following Companies:
Braemar Apartments (St. Catharines) Ltd. (President)
British Northwestern Insurance Co.
Security National Insurance Company
Pan-Jamaican Investment Trust Co. Ltd.

James Alexander Thomson
London, England

Mr. Thomson is also a Director of the following
Companies:
Amber Industrial Holdings Ltd.
Anglo-Swedish Electric Welding Co. Ltd.
Battle Farm Lands Ltd.
Beira Boating (Investments) Co.
The Beira Boating Co. Ltd.
The Beira Engineering Co. Ltd.
Bricomin Investments Ltd.
Britain-South African Airways Ltd.
British & Commonwealth (Group Management) Ltd.
The British & Commonwealth Shipping Co. Ltd.
British United Airways Ltd.
Caledonia Investments Ltd.
The Caledonia Stevedoring Co. Ltd.
Caytrust Finance Co. Ltd.
Cayzer, Irvine (Group Finance) Ltd.
The Cayzer Trust Co. Ltd.
Cayzer, Irvine & Co. Ltd.
Cayzer, Irvine (Investments) Ltd.

Cayzer, Irvine (Property Management) Ltd.
Cayzer, Seear & Co. Ltd.
C. I. Investments Ltd.
C. I. Investments (Overseas) Ltd.
Clan Line Investments Ltd.
The Clan Line Steamers Ltd.
H. P. Cooper Ltd.
John S. Craig & Co. Ltd.
Crewkerne Investments Ltd.
Damic Controls Ltd.
The Dunchurch Lodge Stud (Management) Co. Ltd.
The Dunchurch Lodge Stud Co.
Dock Services Ltd.
Exactor Sterling Ltd.
F. B. Textiles Ltd.
Finlock Gutters Ltd.
Fishing & Research Ltd.
Hector Whaling Ltd.
Hector Whaling (Pension Trustees) Ltd.
Huntley Cook & Co. Ltd.
Huntley & Sparks Ltd.
Huntley & Sparks (Group Management) Ltd.
Huntley & Sparks (Lands) Ltd.
Hector Whaling (South Africa) Pty. Ltd.
Huntley Cook (South Africa) Ltd.
London-American Maritime Trading Co. Ltd.
The Manica Trading Co. Ltd.
Maniford Transport Services Ltd.
May Acoustics Ltd.
Microplas Ltd.
Geoffrey Mowbray Ltd.
Philip Newton Ltd.
North British Hire Purchase Ltd.
Pearson Lands Ltd.
Pearson Spinning Co. Ltd.
Ross Engineers Ltd.
Ross (Plant Hire) Ltd.
Rotoflo Ltd.
Scottan Investments Ltd.
S. C. Plant Ltd.
S.M.C. Sterling Ltd.
St. Mary Axe Finance Co. Ltd.
The Scottish Lion Insurance Co. Ltd.
Scottish Lion Insurance (Holdings) Ltd.
Scottish Lion Insurance (Investments) Ltd.
The Scottish Tanker Co. Ltd.
Sea Lion Investments Ltd.
Simasco (Pty) Ltd.
Soldanha Whaling Ltd.
South African Marine Corporation Ltd.
Sterling Industries Ltd.
Sterling Industries (Group Management) Ltd.
Sterling Instruments Ltd.
Telaflo Ltd.
Travel Savings Ltd.
Union-Castle Investments Ltd.
The Union-Castle Mail Steamship Co. Ltd.
Union-Castle (Sea Tours) Ltd.
United Whalers Ltd.
Universal Dampers Ltd.
Universal Dampers (Lands) Ltd.
Walford Lines Ltd.

Bramalea—1966 in Review



In the fiscal year ended November 30th, 1966, the Company achieved the greatest number of house sales and closings in its history. 431 house sales were completed (the buyer had accepted his completed home). This figure was attained despite a slow start on house construction in the 1965/66 winter months due to a delay in the servicing of the new building area, and a lack of mortgage money available for winter house construction.

Industrial sales continue to be made according to forecast. In 1966 approximately 72 acres of land were sold, upon which land 343,000 square feet of building will be constructed or under construction by mid 1967.

During the year, your Company embarked upon a programme of the disposal of some of its revenue producing properties and investments. The following properties and investments were disposed of:

Etobicoke Maisonettes, consisting of 99 housing units in the Borough of Etobicoke, was sold for \$1,251,154.00.

Finch-Wilmington Apartments, consisting of 150 apartment suites located in the Borough of North York, was sold for \$1,710,000.00.

Victoria Property and Investment Company (Canada) Limited, 40% of the issued capital and debentures of this Company were held by Bramalea Consolidated Developments Limited. Your Company sold its interest in the capital stock and received payment for the bonds which it held.

Braemar Apartments (St. Catharines) Limited, which Company owns a 12 storey 122 suite apartment building located in St. Catharines, Ontario. 50% of the issued capital stock was held by Bramalea Consolidated Developments Limited. Your Company's interest was sold subsequent to the year end for a sum equal to its investment.

Victoria Mills Redevelopment, was a proposed redevelopment of 72 acres of land in the Borough of North York and was discontinued because of the difficulty in obtaining zoning changes and the lack of mortgage money.

Camp Muskoka Lodge Limited, this Company owned a summer resort known as Muskoka Lodge, located outside of Huntsville, Ontario. The assets of the Company, being the buildings and equipment, were sold to Brown Camps Limited for \$310,000.00. The Company took back a six year blended mortgage at 7½% per annum for the full purchase price. The mortgage is payable in monthly instalments and all instalments due to date have been paid. Subsequent to this sale your Company increased its equity in Camp Muskoka Lodge Limited to 51%.

The Company has reorganized the administration of all its revenue producing properties. Effective December 1, 1966, all contracts with outside management firms have been terminated and the Bramalea Property Management Division is now responsible for the operation and management of all the Company's revenue producing properties.

On July 27, 1966, Bramalea Realty Limited was incorporated. Your Company owns 49% of this new Company which has the exclusive rights to sell all new homes in Bramalea.

The Bramalea City Centre remains the most ambitious, exciting and imaginative project your Company has in its future plans. The conceptual plan envisages five separate phases of development which will be timed to coincide with estimated population levels.

Preliminary leasing negotiations are progressing favourably and it is our intention that the buildings included in phase #1 will be leased to suitable tenants before construction actually begins. It is anticipated that the Centre will be commenced in 1968 and it is Management's belief that with control of architectural design and strict adherence to the Master Plan, it will provide the core of cultural, business and retail facilities, around which will lie the future City of Bramalea.

In the meantime, plans are underway for a new Neighbourhood Shopping Centre of approximately 30,000 square feet to serve the Southgate Village area (phase #4) of the Bramalea Development.

The Swansea urban renewal project on 15 acres of land in the former Village of Swansea, now a part of the City of Toronto, is behind schedule due to the lack of mortgage money. It had been anticipated that the lands, which were zoned for 920 apartment suites and a shopping centre, would be sold during the 1966 fiscal year. However, the Joint Venture, of which Bramalea Consolidated Developments Limited owns 70%, which holds these lands, has sold only the Shopping Centre lands to a Shopping Centre Development Company, and land zoned for the building of 410 apartment suites to Southport Developments, an equal partnership of Wimpey Homes Limited and Bramalea Consolidated Developments Limited. At this date land zoned for 510 apartment suites remains unsold.

It is Management's opinion that the increase in the potential selling price of this land will more than offset the financial cost of carrying it. No profit has been shown in the accompanying financial statements from any sale made by the Joint Venture in the period under review.

The Company continues to hold a minority interest in the Constellation Hotel, a hotel of 300 rooms located opposite the Toronto International Airport.

In the St. Clair Woods area near Sarnia, Ontario, Sarnia St. Clair Construction Company, (a partnership consisting of Bramalea Consolidated Developments Limited, St. Clair Woods Developments Limited and Jayhill Construction Limited) has built five model homes and 25 homes available for sale. It is anticipated that sales will be made during the Winter and Spring of 1967.

500 acres of land in the DeCew Falls area, South of the Niagara Peninsula Shopping Centre in St. Catharines, Ontario, and adjacent to the new Brock University, are held under long term option by your Company.

During the year under review, the expansion of the Niagara Peninsula Shopping Centre was completed. This Shopping Centre is one of the largest in Canada. The principal tenant is Simpsons-Sears Limited.



On September 7, 1966, a first mortgage on the Shopping Centre was given to the Massachusetts Mutual Life Insurance Company. Your Company received U.S. funds to the equivalent of \$7.5 million Canadian. The mortgage is repayable in 100 equal instalments over 25 years in U.S. funds, with interest at 6 3/4 %.

PEN CENTRE



Bramalea Revenue Producing Properties 1966



Effective December 1, 1966, the responsibility for the management and leasing of all the Company's Revenue Producing Properties has been placed in the hands of the Bramalea Property Management Division.

The new Division is responsible for the operating and leasing of the following properties which remain in the Company's or its subsidiaries portfolio:—

Niagara Peninsula Shopping Centre
Applewood Village Shopping Centre
Bramalea Shopping Centre
Bramalea Medical/Dental Centre
Bramalea Industrial Building
Industrial Building leased by Ford Motor Company of Canada Ltd.
Industrial Building leased by Root Wire Limited
Bramalea Town Houses
Bramalea Rental Houses

In addition, the Division will be responsible for the management and leasing of rental accommodation produced by the Company's Southport Developments joint venture and will be available to perform this function in connection with properties not owned by the Company. As has been reported elsewhere, the balance of the Company's Revenue Producing Properties were disposed of during the year.

The expansion of the Niagara Peninsula Shopping Centre (Pen Centre), located in St. Catharines, Ontario, was completed in 1966. The addition to the Centre totalled approximately 430,000 square feet, making a total rentable square footage available in the Centre of 630,000 square feet. The major tenant in the newly expanded Centre, Simpsons-Sears Limited, occupies a department store, restaurant and automotive service centre, totalling 176,000 square feet, leased for a term of 30 years with two 10 year renewals.

There are 90 other tenants in the Centre including:

Agnew-Surpass Shoe Stores Ltd.
Aikenhead Hardware Ltd.
Beneficial Finance Co. of Canada

Henry Birks & Sons (Ont.) Ltd.
Eddie Blacks Ltd.
Brewers' Retail Stores
Bright's Wines Ltd.
Canada Trust Co.
Canadian Imperial Bank of Commerce
Coles Book Stores Ltd.
Coward Clothes Shops Ltd.
Dolcis (Canada) Ltd.
Dominion Stores Ltd.
Evangeline Shops Ltd.
Famous Players Canadian Corp. Ltd.
Firestone Tire & Rubber Co. of Canada Ltd.
Jack Fraser Men's & Boys' Wear Stores
Grand & Toy Ltd.
Heintzman & Co. Ltd.
Household Finance Corp. of Canada
Imperial Oil Ltd.
S. S. Kresge Co. Ltd.
Liquor Control Board of Ont.
Loblaw Grocerias Co. Ltd.
Maher Shoes Ltd.
Plaza Drug Stores Ltd.
Provincial Gas Company
Reitman's (Ont.) Ltd.
Laura Secord Candy Shops Ltd.
Shoe Corp. of Canada Ltd.
Singer Company of Canada Ltd.
Sunbeam Corp. (Canada) Ltd.
Tip Top Tailors Ltd.
Toronto-Dominion Bank
United Cigar Stores Ltd.
Walker's
Zeller's Ltd.

In addition to the building of the expansion, the Company completely renovated the existing Centre, the parking and other facilities, to make the Pen Centre one of the largest of its kind in Canada, and one of the most modern in every respect.

The Simpsons-Sears store, together with the majority of the new tenants, opened for business on May 4, 1966 although the twin auditorium theatre and some new stores did not become operative until the early part of August, 1966. Since that time the level of retail sales attained has been well above the expectations of the Company and of its tenants.

On September 7, 1966, a new first mortgage in U.S. dollars to an amount equivalent to \$7.5 million Canadian, was placed on the Centre by Massachusetts Mutual Life Insurance Company, of Springfield, Massachusetts. This mortgage, which substantially replaces all previous debt, is for a term of 25 years with blended amortization at 6¾%.

Applewood Village Shopping Centre, located on the North side of the Queen Elizabeth Way, just West of Toronto, which contains 39 retail stores and 13 offices in 168,000 square feet of space on 15 acres of land, has also maintained a high level of retail sales and continues to show a satisfactory operating profit.

Bramalea Shopping Centre, being the first Neighbourhood Shopping Centre in Bramalea,

comprises 44,000 square feet of retail space and, as the residential areas of Bramalea have expanded, has produced a continually increasing operating profit for the Company.

Currently, the Property Management Division is engaged in the planning of a 30,000 square foot second Neighbourhood Shopping Centre to be located in Southgate Village, East of Bramalea Road and South of Highway #7. At the present time, the 30,000 square feet of space is either leased, or leasing is in the negotiation stage. It is anticipated that the Centre will be started sometime in 1967 for completion in 1968.

Plans are going forward for the Bramalea City Centre but, as has been reported elsewhere herein, the first phase is not planned for commencement until the year 1968.

OPENING CEREMONIES AT PEN CENTRE





APPLEWOOD VILLAGE SHOPPING CENTRE



PEN CENTRE



BRAMALEA SHOPPING CENTRE



PEN CENTRE PARKING

Bramalea Industrial Park



Sales of industrial land during the year totalled 71.898 acres in 13 parcels ranging from .988 to 25 acres. Two of these sales totalling 9.022 acres were to existing industries for expansion and in one instance a 22,000 square foot addition is under construction for Bundy Tubing Company. The balance of 11 sales were made to the undenoted companies or for buildings leased to the companies named. Under a 'buy-back' clause in the sale of 5 acres in 1963, the land was reclaimed and sold again at the current price.

Company	Acres	Building Occupied	Under Construction	Construction 1967
Chrysler Airtemp Canada Ltd.	25		74,000	
Roberts Company Canada Ltd.	5.1	37,000		
Weil-McLain Canada Ltd.	4		52,000	
National Chemsearch of Can. Ltd.	6.387		25,000	
Cal-Ink Chemical Co. of Can. Ltd.	5.066			33,000
Klockner-Moeller Canada Ltd.	.988			7,000
Viko Design & Mfg. Co.	2.703			15,000
Mitchell Construction Co.	5			20,000
Allcock, Laight & Westwood Ltd.	2.5	35,000		
Inland Publishing Co. Ltd.	1.231	17,000		
Viaduct International	3			28,000
Permacon Canada Ltd. and Bank of Montreal	1.901		16,000	
	62.876	89,000	167,000	103,000
Additional land sales	9.022			
<u>New Buildings & Additions on Land sold in prior years:</u>				
The Holophane Co.			90,000	
The Glidden Co. (1st stage)			56,000	
Bundy Tubing Co. (addition)			22,000	
Northern Electric Co. (addition)	150,000			84,000
Swift Canadian Co. Ltd. (resale)				30,000
	239,000	335,000		217,000
		217,000		
Acres Sold	71.898			
Buildings		791,000 square feet		



SOMERVILLE PLASTICS LIMITED



HUDSON BAY DIECASTINGS LIMITED



CANADIAN VELCRO LTD.



HIGGIN HOMESHIELD LIMITED



FORD MOTOR COMPANY OF CANADA LTD. (National Parts & Accessories Depot)

Bramalea Industrial Park *(Continued)*



THOS. J. LIPTON LTD.



KITCHENS OF SARA LEE (CANADA) LTD.



G. D. SEARLE COMPANY OF CANADA LTD.

Complete List of industries presently located in Bramalea Industrial Park:

Allcock, Laight & Westwood Ltd.
Besser Canada Ltd.
Bucyrus Blades of Canada Ltd.
Bundy Tubing Co. of Canada Ltd.
Cal-Ink Chemical Co. of Canada Ltd.
Canadian Precision Devices Ltd.
Canadian Velcro Ltd.
Carrier Air-Conditioning (Canada) Ltd.
Carter Carburetor Co. of Canada Ltd.
Chrysler Airtemp Canada Ltd.
Ford Motor Company of Canada Ltd.,
(National Parts & Accessories Depot)
Fyr-Fyter of Canada Ltd.
The Glidden Company Limited
C. M. Hall Lamp Co. Ltd.
The Holophane Co. Ltd.
Higgin Homeshield Ltd.
Hudson Bay Diecastings Ltd.
Huntington Laboratories Ltd.
Inland Publishing Co. Ltd.

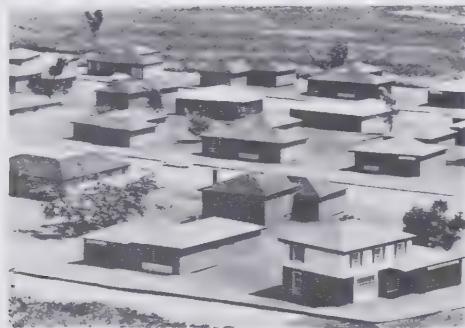
Kitchens of Sara Lee (Canada) Ltd.
Klockner-Moeller Canada Ltd.
Thos. J. Lipton Ltd.
Mitchell Construction Company
National Chemsearch of Canada Ltd.
National Grocers Company Limited
Northern Electric Co. Ltd.
Oakite Products of Canada Ltd.
Peel Terminal Warehouses
Permacon Canada Ltd.
Roberts Company Canada Ltd.
Root Wire Ltd.
G. D. Searle Company of Canada Ltd.
Simmons Limited
Somerville Plastics Ltd.
The Swift Canadian Co. Ltd.
Tung-Sol of Canada Ltd.
Viaduct International
Viko Design Mfg. Ltd.
Wayne Sweeper Mfg. Canada Ltd.
Weil-McLain Canada Ltd.

Total building square footage occupied, under construction or slated for construction in 1967 - 3,109,000

SIMMONS LIMITED



Bramalea Residential Developments



MODEL OF BRAMALEA RESIDENTIAL AREA



HOCKEY ARENA IN BRAMALEA

BRAMALEA MODEL HOME AREA



In the Fall of 1965, the Company opened the Southgate Village area East of Bramalea Road and South of Highway #7. This area has been planned to take full advantage of the cluster planning and green belt concept which proved to be so effective in the Westgate, Bramalea-on-the-Park and Twingate areas, opened and sold out in the years 1964 and 1965.

The 1965/66 Winter Works Programme in Southgate Village was a complete success and all inventory was sold out early in the Spring of 1966 at which time the spring building programme was well underway.

Despite the rise in the National Housing Act mortgage rate from 6 1/4% in the Fall of 1965 through 6 3/4% to 7 1/4% in the Fall of 1966, house sales continued at a brisk pace, and, as a result, the Company achieved the largest sales volume in its history, total sales in the fiscal period being 463 with actual closings and occupancy of 431.

During the year there was some escalation in the cost of labour and building materials which necessitated price increases and currently the price range for semi-detached and single family homes in Bramalea is from \$19,500 to \$28,750.

The first two months of the present fiscal year have seen some slackening in demand, but current sales indicate an upward trend. The availability

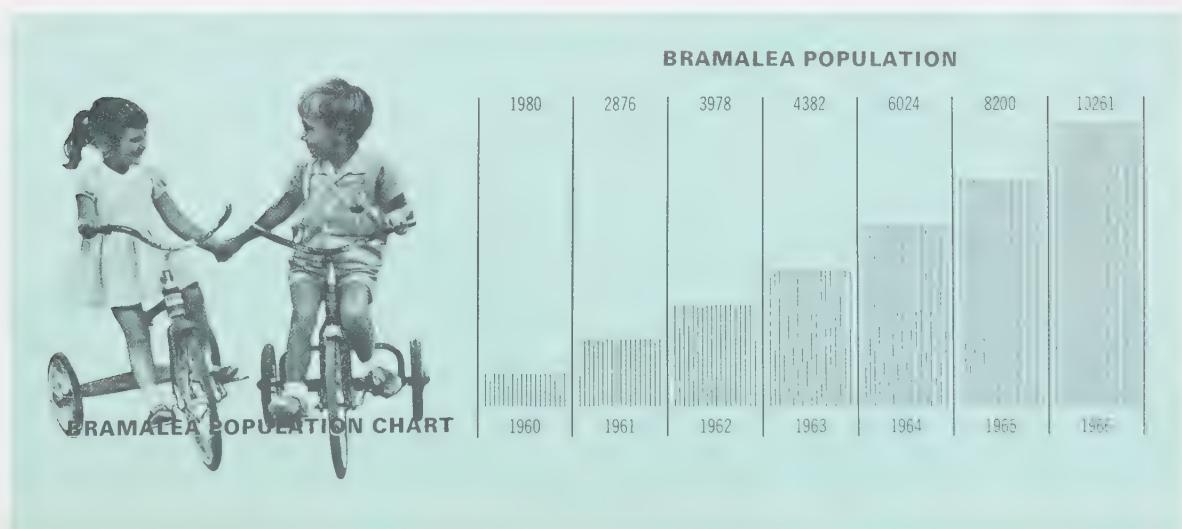
of mortgages will, of course, have some bearing on volume in 1967, but with a substantial number of winter construction loans having already been obtained, and indications having been received of the availability of the Company's requirements for the balance of the year, there seems to be every reason to expect the volume of residential sales to be satisfactory.

The Company is now the largest builder of single family homes in any one area in Canada and is using the advantage gained from continuous construction in one location to achieve price and house construction features which make its homes extremely competitive as compared to similar homes available in other areas.

BRAMALEA OLYMPIC SWIMMING POOL



BRAMALEA POPULATION



Accounting Policies



The accounting policies used by the Company in the preparation of its financial statements are as follows:

House Sales

Revenue from the sale of a house is not recorded until the acceptance of the completed house by the Purchaser. At the same time, the cost which is 95% to 100% actual and from 0% to 5% estimated, is charged to cost of sales. The estimated amounts are adjusted to actual as soon as they are known.

Industrial Land Sales

Revenues from the sale of industrial acreage is recorded on closing and the cost of sale is recorded at the average cost per acre. No profit is recorded on conditional sales.

Land Cost

Land is shown in inventory at its original cost plus carrying charges, i.e. interest on debt and taxes. The cost of land in a particular residential

neighbourhood or industrial park is prorated over the saleable acreage in that area. Development costs are averaged over the acreage to which they relate.

Rental Revenue

Revenue from rental properties is recorded as earned. Where percentage rentals are payable by tenants, as is the case in all the Shopping Centres owned by your Company, this percentage rental is recorded when earned.

Where leases contain rental escalation provisions the annual rental recorded as earned is based on the average rental to be earned over the term of the lease.

Depreciation

Depreciation on buildings is recorded at a minimum of 3% on a straight line basis. Depreciation on equipment is recorded at a rate sufficient to write the equipment off over its anticipated life.

Comparative summary of how each \$100.00 of income was spent for the last four years

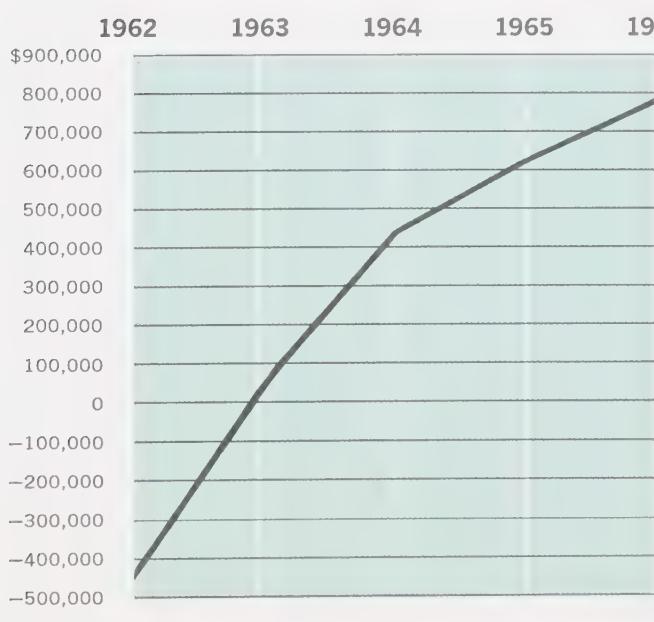
	1966	1965	1964	1963
INCOME	<u>\$100.00</u>	<u>\$100.00</u>	<u>\$100.00</u>	<u>\$100.00</u>
EXPENSES				
Cost of land and houses	61.09	66.20	71.20	70.40
Operating expenses of revenue producing property	15.60	13.20	10.50	7.50
Selling and Administrative	10.80	11.10	11.50	15.40
Interest and other financial charges and Management Fees	5.70	3.50	2.20	6.40
TOTAL EXPENSES	<u>93.19</u>	<u>94.00</u>	<u>95.40</u>	<u>99.70</u>
NET PROFIT	<u>6.81</u>	<u>6.00</u>	<u>4.60</u>	<u>.30</u>
	<u>\$100.00</u>	<u>\$100.00</u>	<u>\$100.00</u>	<u>\$100.00</u>
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

The following table illustrates the effect of diversification upon the Company's income and its relationship by percentage:

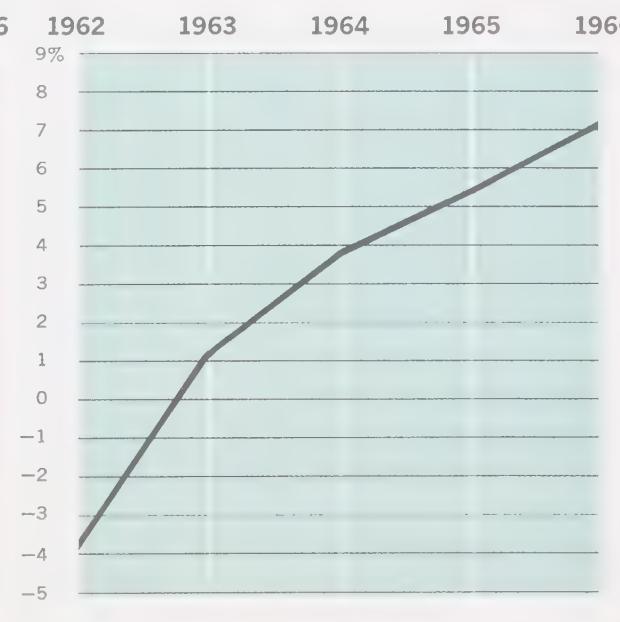
	1966		1965		1964		1963	
	Dollar Amount	% total Income						
Sale of land & houses	\$ 9,315,040	79.63	\$ 8,448,030	83.86	\$ 8,200,471	87.24	\$ 4,005,305	80.63
Income from revenue producing properties	1,875,983	16.04	1,315,901	13.06	1,015,413	10.80	492,209	9.91
Profit from sale of revenue prod. props.	169,127	1.44	—	—	—	—	292,272	5.88
Interest income	160,580	1.37	74,597	.74	75,401	.80	66,557	1.34
Gain on purchase of debentures	20,881	.18	20,343	.20	29,425	.31	81,505	1.64
Miscellaneous	156,649	1.34	215,479	2.14	79,003	.85	29,882	.60
TOTAL	\$11,698,260	100.00	\$10,074,350	100.00	\$ 9,399,713	100.00	\$ 4,967,730	100.00

Profit earned as a percentage of Capital Investment of \$11,309,849

	1962	1963	1964	1965	1966
Net profit (loss)	\$ (445,252)	\$ 12,237	\$ 434,099	\$ 611,018	\$ 795,993
Percentage earned on investment	(3.94)	.01	3.84	5.40	7.04



NET PROFIT (LOSS)



PERCENTAGE EARNED ON INVESTMENT

Auditors' Report

DELOITTE, PLENDER, HASKINS & SELLS CHARTERED ACCOUNTANTS

MONTRÉAL OSHAWA TORONTO HAMILTON
WINDSOR WINNIPEG REGINA CALGARY
EDMONTON PRINCE GEORGE VANCOUVER

55 YONGE STREET
TORONTO 1, CANADA

ASSOCIATED FIRMS IN UNITED STATES OF AMERICA, GREAT
BRITAIN AND OTHER COUNTRIES THROUGHOUT THE WORLD

To the Shareholders of
BRAMALEA CONSOLIDATED DEVELOPMENTS LIMITED:

We have examined the consolidated balance sheet of Bramalea Consolidated Developments Limited and subsidiaries as of November 30, 1966 and the consolidated statement of income and deficit and consolidated summary of financial activities for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and consolidated statement of income and deficit present fairly the financial position of the companies at November 30, 1966 and the results of their operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year; and the consolidated summary of financial activities presents fairly the information shown therein.

Deloitte, Plender, Haskins + Sells

February 10, 1967.

Auditors.

Consolidated Balance Sheet

as of November 30, 1966

ASSETS

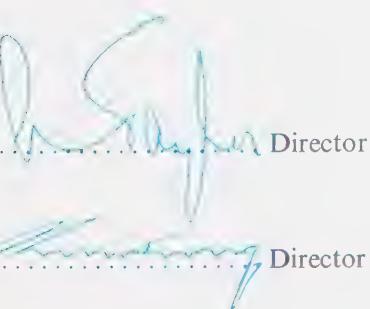
	1966	1965
Cash.....	\$ 421,013	\$ 64,744
Accounts receivable (Note 2).....	1,100,432	874,927
Houses completed and under construction (including land)—at cost (Note 3).....	1,769,526	1,205,520
Advances to joint venture and partnerships (Note 4).....	1,408,590	642,089
Land and improvements—held for sale (Note 5):		
Under development:		
Land (including carrying charges, 1966—\$650,637; 1965—\$599,337).....	1,967,531	2,126,670
Development expenses.....	3,847,035	1,879,252
Undeveloped land (including carrying charges, 1966—\$2,256,607; 1965—\$2,072,544).....	8,952,106	8,854,820
Revenue-producing properties—at cost less accumulated depreciation and amortization, 1966—\$1,178,183; 1965—\$803,450.....	16,443,413	16,871,170
Mortgages and notes receivable less allowance for possible losses, 1966—\$170,000; 1965—\$85,000 (Note 6).....	4,509,593	1,493,091
Investments—shares at cost and advances:		
Affiliated company.....	—	80,000
Other.....	335,667	107,620
Property and equipment—at cost less accumulated depreciation and amortization, 1966—\$198,690; 1965—\$173,978.....	269,869	281,505
Deferred financing costs (Note 7).....	258,061	297,261
Prepayments and deferred charges.....	903,142	535,775
 TOTAL ASSETS.....	 \$42,185,978	 \$35,314,444

LIABILITIES

	1966	1965
Bank indebtedness (Note 17).....	\$ 7,784,400	\$ 5,479,500
Accounts payable and accrued liabilities.....	3,343,860	2,838,713
Mortgages on properties held for sale (Note 3).....	609,840	331,141
Joint venture liabilities (Note 4).....	480,480	533,812
Long-term debt on revenue-producing properties (Note 8)....	13,409,885	9,602,701
Mortgages on land (Note 9).....	2,271,054	2,192,056
6½ % Sinking Fund Debentures, due July 1, 1973 (U.S. dollars, 1966—\$3,860,150; 1965—\$4,708,050) (Note 10)	3,980,776	4,855,131
TOTAL LIABILITIES.....	<u>31,880,295</u>	<u>25,833,054</u>
MINORITY INTEREST (Note 1).....	33,456	—
 SHAREHOLDERS' EQUITY		
Capital stock (Note 11):		
Authorized—1,500,000 common shares, without par value		
Issued and fully paid—894,538 common shares.....	11,309,849	11,309,849
Common share purchase warrants.....	—	5,156
Deficit.....	<u>(1,037,622)</u>	<u>(1,833,615)</u>
NET SHAREHOLDERS' EQUITY.....	<u>10,272,227</u>	<u>9,481,390</u>

COMMITMENTS AND CONTINGENT LIABILITIES (Note 16)

Approved by the Board:



Director

Director

Consolidated Statement of Income and Deficit

for the year ended November 30, 1966

INCOME

	1966	1965
Sales of land and houses.....	\$ 9,315,040	\$ 8,448,030
Income from revenue-producing properties.....	1,875,983	1,315,901
Interest.....	160,580	74,597
Net gain on sale of revenue-producing properties.....	169,127	—
Gain on purchase of 6½ % Sinking Fund Debentures.....	20,881	20,343
Miscellaneous.....	156,649	215,479
TOTAL INCOME.....	<u>11,698,260</u>	<u>10,074,350</u>
COSTS AND EXPENSES		
Cost of land and houses sold (Note 5).....	7,146,435	6,668,027
Operating costs and expenses of revenue-producing properties:		
Interest on long-term debt.....	458,029	215,644
Depreciation (Note 13).....	475,734	374,858
Other.....	891,144	739,410
Selling and administrative expenses (Note 13).....	1,178,709	1,022,157
Provision for possible losses on mortgages receivable.....	85,000	85,000
Interest and other charges:		
Interest—long-term debt.....	54,576	91,325
—other debt.....	289,171	155,206
Amortization of deferred financing costs (Note 7).....	39,199	39,199
Miscellaneous charges.....	284,270	72,506
TOTAL COSTS AND EXPENSES.....	<u>10,902,267</u>	<u>9,463,332</u>
NET INCOME (Note 14).....	<u>795,993</u>	<u>611,018</u>
DEFICIT, BEGINNING OF YEAR.....	<u>1,833,615</u>	<u>2,444,633</u>
DEFICIT, END OF YEAR.....	<u><u>\$ 1,037,622</u></u>	<u><u>\$ 1,833,615</u></u>

Consolidated Summary of Financial Activities

for the year ended November 30, 1966

FUNDS AVAILABLE

Net income.....	\$ 795,993
Depreciation and amortization.....	515,324
Land usage, and related carrying charges and development expenses.....	1,874,957
Amortization of deferred financing costs.....	39,199
Provision for possible losses on mortgages receivable.....	85,000
FUNDS PROVIDED FROM OPERATIONS.....	3,310,473
Additional bank loans.....	2,304,900
Mortgage proceeds.....	7,650,000
Sale of revenue-producing properties, after deducting related mortgage liabilities .	450,875
Receipts on mortgages receivable.....	396,033
Other.....	70,415
TOTAL FUNDS AVAILABLE.....	<u>14,182,696</u>

APPLIED TO

Development expenses.....	3,414,364
Carrying charges on land.....	356,023
Expansion of shopping centres and other revenue-producing properties.....	4,067,557
Investment in mortgages and notes receivable.....	3,337,535
Investment in joint venture and partnerships.....	819,833
Payments on mortgages and long-term debt.....	1,107,764
Payments on 6½% Sinking Fund Debentures.....	874,355
Additional prepayments and deferred charges.....	367,367
TOTAL FUNDS APPLIED.....	<u>14,344,798</u>
EXCESS OF FUNDS APPLIED OVER FUNDS AVAILABLE.....	(162,102)
ASSETS AND LIABILITIES OF BRAEMAR APARTMENTS (ST. CATHARINES)	
LIMITED, NOT CONSOLIDATED IN 1966.....	524,036
NET CHANGE IN OTHER ASSETS AND LIABILITIES.....	<u>\$ 361,934</u>

REPRESENTED BY

Increase in cash.....	\$356,269
Increase in accounts receivable.....	225,505
Increase in houses completed and under construction.....	564,006
Increase in accounts payable and accrued liabilities.....	(505,147)
Increase in mortgages on properties held for sale.....	(278,699)
	<u>\$ 361,934</u>

Notes to Consolidated Financial Statements

November 30, 1966

1. Principles of Consolidation

The consolidated financial statements include the accounts of all companies in which the parent company holds an interest of 50% or more, except Braemar Apartments (St. Catharines) Limited:

Wholly-owned subsidiaries:

- Bramalea Construction (Peel) Limited
- Bramalea Shopping Centres Limited
- Bramalea Farms Limited
- Bramalea Hotels Limited

51% owned subsidiary:

Camp Muskoka Lodge Limited—control acquired during 1966. The shareholders' equity attributable to the shares held by others is shown in the balance sheet as "Minority Interest".

All material inter-company balances have been eliminated in consolidation.

Pursuant to a sale agreement dated October 31, 1966, the 50% interest in Braemar Apartments (St. Catharines) Limited will be sold for its recorded value early in 1967. Accordingly, this 50% owned subsidiary which was consolidated in 1965 has not been consolidated in 1966.

The company has less than a 50% interest in Renforth Developments Limited, Bramalea Realty Limited and Bramalea Guardian Limited which have not been consolidated.

2. Accounts Receivable

At November 30, 1966, accounts receivable included \$716,150 receivable from sales of houses. Generally, this amount represents remaining balances on sales of houses and is receivable from mortgagees of the houses. Profit or loss on the sale of a house is recorded at the time of acceptance of the completed house by the purchaser.

3. Houses Completed and Under Construction

Houses completed and under construction at November 30, 1966 comprised the following:

	Construction Costs	Lots (at cost)	Total
Houses completed and under construction—under contract of sale	\$252,988	\$ 96,001	\$348,989
Houses completed and under construction—not under contract of sale.....	960,915	459,622	1,420,537
TOTAL.....	\$1,213,903	\$555,623	\$1,769,526

At November 30, 1966, mortgages of \$609,840 were outstanding on houses completed and under construction. As sales of houses are made, the mortgage obligations will be liquidated.

4. Joint Venture and Partnerships

JOINT VENTURE:

The Company has a 70% interest in a joint venture formed to redevelop a portion of the Village of Swansea. Under the terms of the joint venture agreement, the company is to advance all funds required by the joint venture and assume certain joint venture liabilities at 6% interest and is to be repaid all advances before the income of the joint venture is proportionately distributed to the parties thereto.

The profit from this joint venture will be recorded when the project, which is short-term in nature, has been completed. Interest charged to the joint venture has been taken into income.

To November 30, 1966 cash advances and accrued interest charged to the joint venture amounted to \$894,199 and liabilities of \$480,480 had been assumed.

PARTNERSHIPS:

Southport Developments:

A 50% interest is held in a partnership formed to develop a portion of the property acquired by the aforementioned joint venture. No development had commenced by November 30, 1966.

Sarnia St. Clair Construction Company:

Advances of \$18,225 had been made at November 30, 1966 to a partnership, in which a 25% interest is held, formed to acquire land and construct houses in Sarnia, Ontario. To November 30, 1966 no sales had been made.

5. Land and Improvements—Held for Sale

Prior to 1961 the company sold industrial land at a loss of \$310,546 as an inducement for industries to locate in Bramalea. The development costs pertaining to this land were estimated at \$229,410. The total loss on sales and the related estimated development costs (\$539,956) were included in development expenses, and are being amortized over sales of industrial land on an acreage basis. At November 30, 1966 the unamortized balance was \$378,810.

Except for the item explained above, "Land and Improvements—Held for Sale" is stated at cost in the accompanying consolidated balance sheet.

It is the company's policy to include as part of the cost of land, carrying charges, such as real estate taxes and interest, which pertain to that land. Carrying charges included as part of the cost of land amounted to \$2,907,244 at November 30, 1966 and are being amortized over sales of both industrial and residential land on an acreage basis.

Development expenses include costs incurred to date for water and sewage systems, public school, recreational facilities, roads and sidewalks and street lighting systems. Development expenses are allocated to the industrial and/or residential areas which benefit from the expenditure and are being amortized over sales of such land.

6. Mortgages and Notes Receivable

Mortgages and notes receivable include the following non-interest-bearing mortgages:

\$414,500 repayable at \$13,000 per annum to August 1, 1982 with the balance on May 1, 1983.

\$632,000 repayable at \$100,000 semi-annually to May 31, 1969 with the balance on November 30, 1969.

First mortgages in the amount of \$1,383,345 (net of allowance for possible losses of \$170,000), bear interest at 4% to 7% and are repayable to 1976. Other mortgages and notes are repayable annually from 1967 to 1990 with interest at 5½% to 10%.

7. Deferred Financing Costs

Deferred financing costs represents the unamortized balance of the financing costs relative to the issuance of the 6½% Sinking Fund Debentures and is being amortized over the life of the Debentures.

8. Long-term Debt on Revenue-producing Properties

This amount comprises the following:

Deferred payable on a shopping centre.....	\$ 2,645,493
Mortgages payable.....	10,589,392
Notes payable (due 1972).....	175,000
	\$13,409,885

Deferred payable on a shopping centre:

Under the terms of the purchase agreement, the company did not assume the mortgages on a shopping centre at the time of purchase. Instead, the company agreed to make the following payments to the vendor, such payments to equal the principal and interest due under the mortgage obligations of the vendor:

- (a) \$150,000 on the 2nd day of January, 1971 and
- \$100,000 on the 2nd day of January, 1972;

(b) \$368,844 on the 31st day of October in each year to 1968;
\$400,844 on the 31st day of October, 1969;
\$304,474 on the 31st day of October, 1970;
\$966,557 on the 31st day of October, 1971.

The company received a direction from the vendor to make the actual payments due under the mortgage obligations direct to the mortgagee, such payments being credits against the payments outlined above. As a result, the company has paid \$14,070 of the payment due on October 31, 1967.

During the current year, a wholly-owned subsidiary purchased the first mortgages on the above shopping centre from the mortgage companies and postponed its claim under these mortgages. These mortgages, which are receivable from a third party, are included in "Mortgages and Notes Receivable". In conjunction with the purchase of the mortgages and the postponement of claim, the parent company placed a new first mortgage on the properties. The claim has been further postponed as a result of placing the second mortgage mentioned in Note 17(b).

Mortgages payable:

These mortgages bear interest at an average rate of 7%. Principal payments due in the succeeding five fiscal years are as follows:

1967.....	\$252,461
1968.....	412,733
1969.....	276,563
1970.....	292,660
1971.....	298,451

9. Mortgages on Land

These mortgages bear interest at an average rate of 6%. Principal payments due in the succeeding five fiscal years are as follows:

1967.....	\$237,549
1968.....	109,099
1969.....	162,861
1970.....	146,691
1971.....	108,759

10. 6½% Sinking Fund Debentures

The Debentures are subject to redemption, at the principal amount thereof plus accrued interest, (a) through the operation of the Mandatory Sinking Fund on July 1 each year to 1973 and (b) through the operation of the Contingent Sinking Fund on July 1 each year to 1972. The Mandatory Sinking Fund requires that the company pay to the American Trustee on or before June 25 in each year to 1973, the sum of \$600,000 (U.S. funds). The Contingent Sinking Fund requires that the company pay to the American Trustee on or before June 25 in each year to 1972, an amount equal to 50% of the Consolidated Net Income (as defined in the Indenture) in excess of \$1,200,000 (Canadian funds) for the fiscal year immediately preceding such June 25. The company may credit against any Sinking Fund payment, Debentures purchased for cancellation or optionally redeemed by it. Moneys paid into the Sinking Fund are required to be applied to the redemption of Debentures on the ensuing July 1.

At November 30, 1966, the company held \$350,453 (U.S. \$339,850) principal amount of its Debentures which has been reflected on the consolidated balance sheet as a reduction of the Debenture liability.

See Note 17.

11. Capital Stock

STOCK OPTIONS:

Options have been granted to certain officers of the company to purchase 52,000 shares of the capital stock of the company at \$5 per share, and 10,000 shares at \$7.50 per share. An aggregate of 9,000 optioned shares may be purchased during any year plus any allowable shares not purchased in prior years. These options expire December 31, 1974 (52,000 shares) and December 31, 1976 (10,000 shares). None of these options had been exercised to November 30, 1966.

WARRANTS:

There are 240,000 regular warrants outstanding entitling the bearer to purchase at any time to July 1, 1973 Common Shares of the company at \$10 (U.S. funds) each. 50,000 warrants which were sold to an underwriter and which had been outstanding expired during the year.

COMMON SHARES RESERVED:

At November 30, 1966, shares of common stock of the company were reserved as follows—240,000 shares for purchase warrants and 62,000 shares for stock options.

12. Dividend Restrictions

The Indenture under which the Debentures were issued provides that, so long as any Debentures are outstanding, neither the company nor any subsidiary will make any distribution (defined to include dividends, purchases, redemptions and reductions in respect of stock of the company and payments of tax on undistributed income under the Income Tax Act (Canada)) unless after giving effect thereto, 50% of Consolidated Net Income (as defined) for the fiscal year immediately preceding the making of such distribution in excess of \$1,200,000 is greater than the aggregate amount of distributions made during the fiscal year in which such distribution is made.

13. Depreciation and Amortization

It is the policy of the company to provide for depreciation of depreciable property on the straight-line method based upon estimated useful lives of the property. Amortization of leasehold improvements is provided on the basis of the term of the lease.

Depreciation on revenue-producing properties is shown in the Consolidated Statement of Income and Deficit. Depreciation on "Property and equipment" and amortization of leasehold improvements are included in "Costs and Expenses"

under "Selling and administrative expenses" in the following amounts:

1966 - \$39,590 1965 - \$42,403

14. Income Taxes

Tax losses of prior years have been applied to eliminate income taxes of approximately \$375,000 which would otherwise have been payable for the year ended November 30, 1966. The tax losses referred to above result primarily from claiming for tax purposes, in the year incurred, certain costs such as interest and taxes which are deferred for accounting purposes as explained in Note 5.

15. Pension Plan

A contributory, funded pension plan is provided for most employees. Benefits are based on 2% of earnings for each year of membership in the plan. A contribution of \$13,730 was required of the company during 1966 to meet the funding requirements of the plan.

16. Commitments and Contingent Liabilities

- (a) At November 30, 1966, the company was obligated under three long-term leases to pay an aggregate minimum annual rental of approximately \$108,000. The company has no obligations under these leases beyond the year 1983.
- (b) The company has commitments aggregating approximately \$1,469,000 for land improvements and buildings, based on architects' and consulting engineers' estimated completion costs on contracts let.
- (c) Under the terms of a purchase agreement for Applewood Village Shopping Centre, the company is committed to pay in 1972, an amount equal to 15% of the appraised equity value, for mortgage purposes, of the shopping centre at that time. As the amount payable is not now determinable, the amount has not been provided for in the accompanying financial statements.

- (d) Under agreements with the Township of Chinguacousy, the Township's portion of costs, relating to extensions to sewage treatment facilities, a sanitary forcemain and certain debenture obligations, has been assumed. The maximum payments required will be—1967 to 1970, \$99,000; 1971 to 1983, \$85,000, with lesser amounts payable to 1995. Payments will be charged to operating expenses as incurred.
- (e) Under the terms of an agreement with the Township of Chinguacousy, the industrial and commercial assessment must be 40% of the overall real estate assessment on the developed portion of the Bramalea project. If this requirement is not met, the company must pay the real estate tax occasioned by the deficiency to the Township. In the opinion of the officials of the company the payment which will be required for 1966 will not be significant.
- (f) The company is contingently liable as guarantor of a portion of the bank loan of Braemar Apartments (St. Catharines) Limited. The amount of the loan subject to this guarantee was \$95,752 at November 30, 1966.
- (g) Payment of certain obligations of Renforth Developments Limited and related companies, amounting to \$810,000 at November 30, 1966 has been guaranteed by the company.

The two principal shareholders of Renforth Developments Limited are required to repay to the company any amounts paid under the guarantees. If payment is required of the company under one of the guarantees amounting to \$535,000, a portion of the outstanding shares of Renforth Developments Limited, not presently held by the company, sufficient to provide voting control, is to be delivered to the company, unless the repayments mentioned above are made with-

in 60 days of notice by the company. These latter shares are held in escrow.

17. Subsequent Events

- (a) $6\frac{1}{2}\%$ Sinking Fund Debentures:

It has been decided to request the holders of the $6\frac{1}{2}\%$ Sinking Fund Debentures to approve and consent to a change in the Trust Indenture, relative to those Debentures, which will enable the company to give prior security to a Bank or Banks, and, at the same time, to defer the Mandatory Sinking Fund and cancel the Contingent Sinking Fund provisions of the Trust Indenture. The Trust Indenture provides that the holders of not less than $66\frac{2}{3}\%$ in aggregate principle amount of the outstanding Debentures may in writing approve and consent to changes in the terms of the Trust Indenture.

- (b) Second Mortgage on Shopping Centre:

Arrangements were completed subsequent to November 30, 1966 whereby an advance of \$675,000 was received by the company on a second mortgage for \$1,000,000 given on the Niagara Peninsula Shopping Centre.

Bramalea

... a planned community

